

Border Protection of Agriculture: The Unfinished Agenda

from **Global Economic Prospects 2004:
Realizing the Development Promise
of the Doha Agenda**

Jeffrey D. Lewis

World Bank

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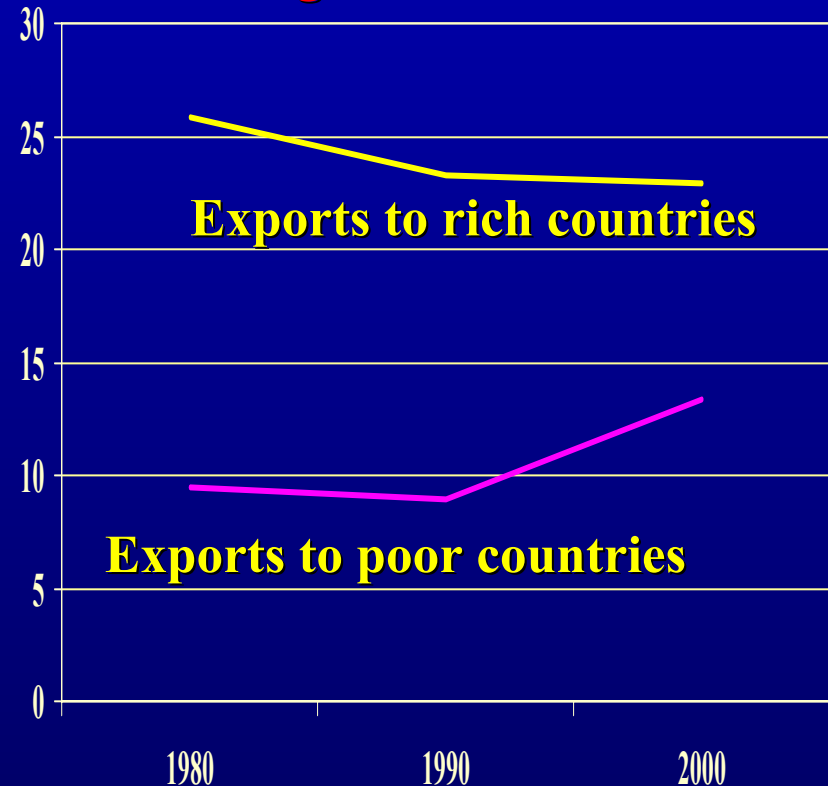
Developing countries have failed to penetrate agricultural markets of rich countries

Developing countries' share of total world exports

Manufacturing

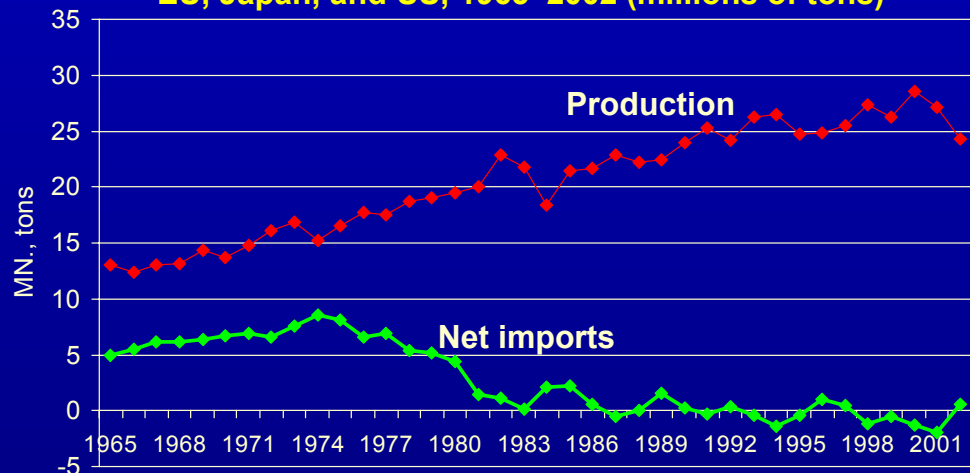


Agriculture

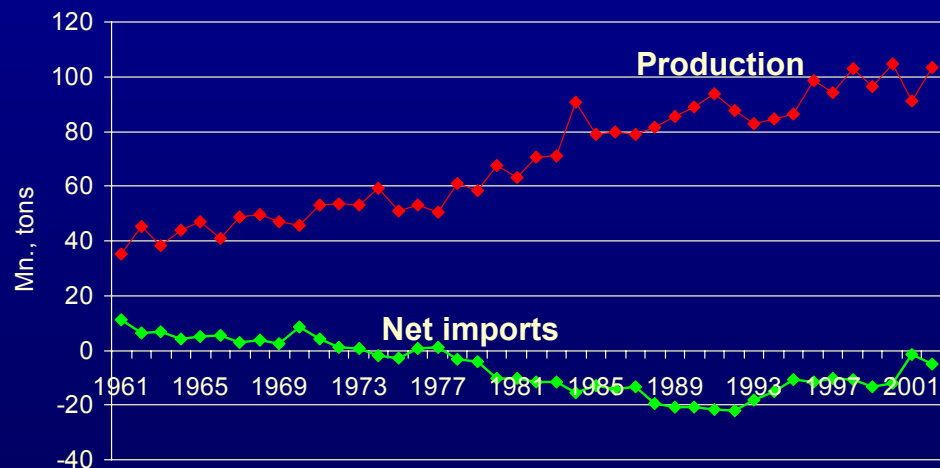


Protection of sugar and wheat in rich countries has increased domestic production and driven net imports to zero

Production and net imports of sugar in EU, Japan, and US, 1965–2002 (millions of tons)



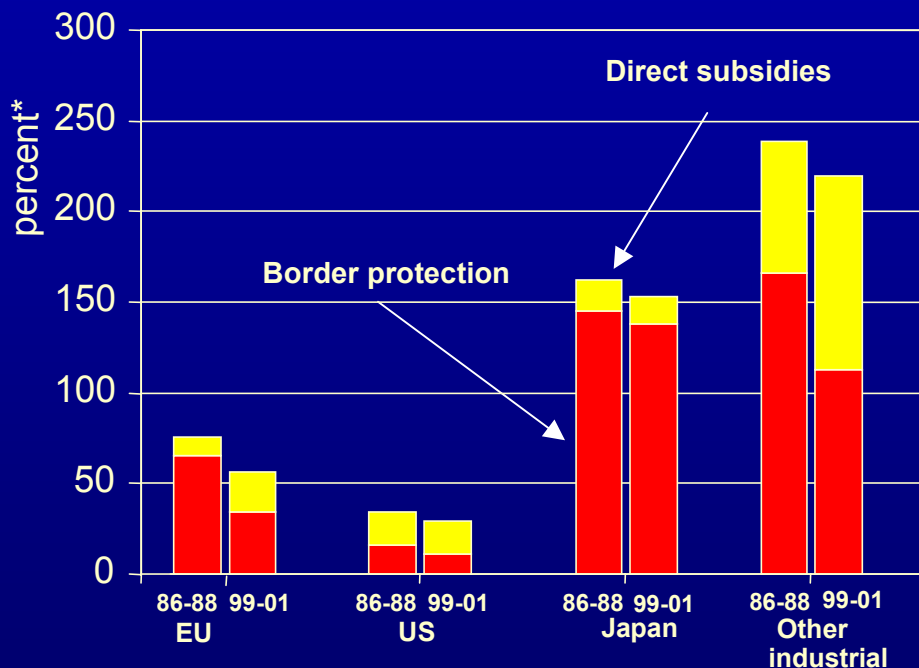
Production and net imports of wheat in EU, 1965–2002 (millions of tons)



Source: FAO

Rich country protection is high and unchanged since the Uruguay round...

Industrial countries: Producer Support

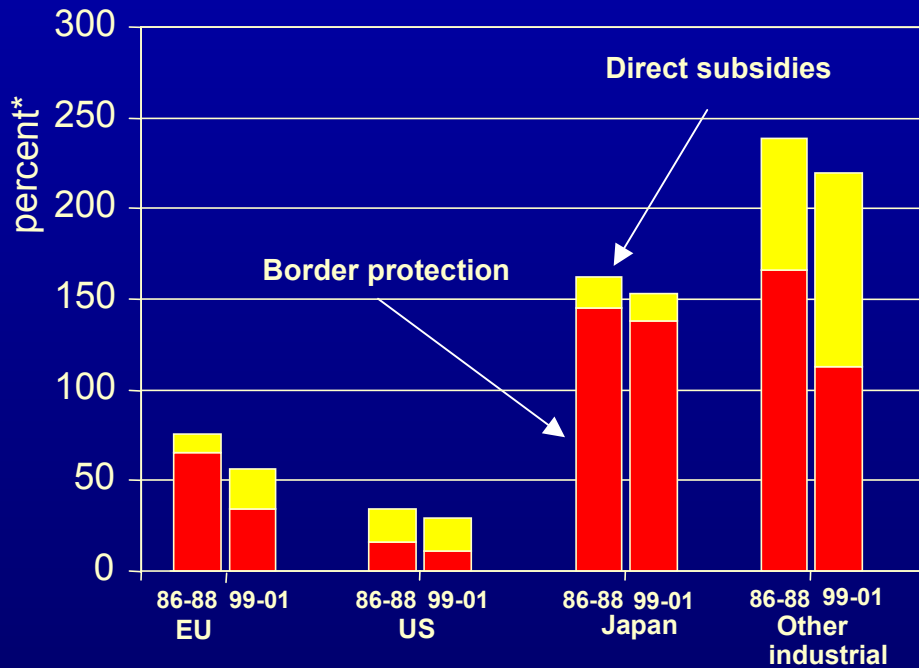


* As a percent of output at world prices
Source: OECD



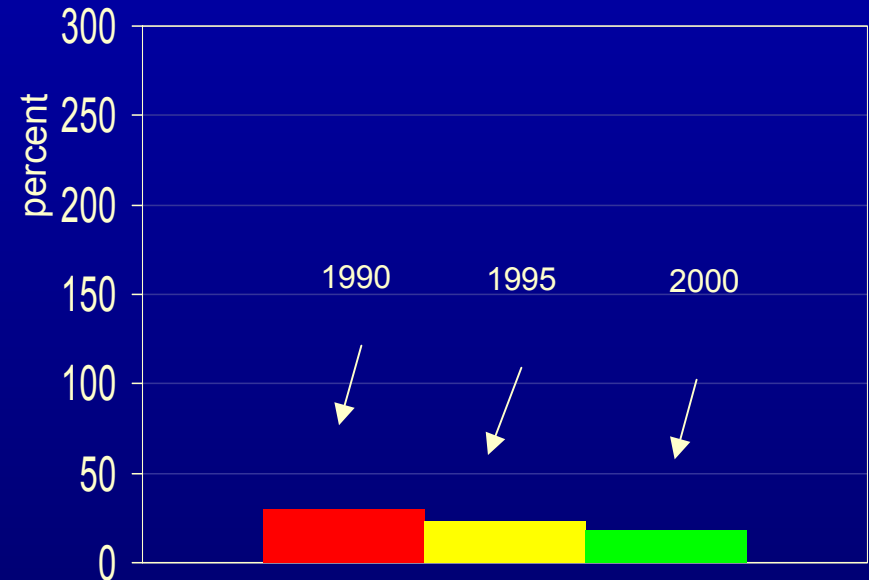
Rich country protection is high and unchanged since the Uruguay round...though developing countries have reduced barriers

Industrial countries: Producer Support Estimate



* As a percent of output at world prices
Source: OECD

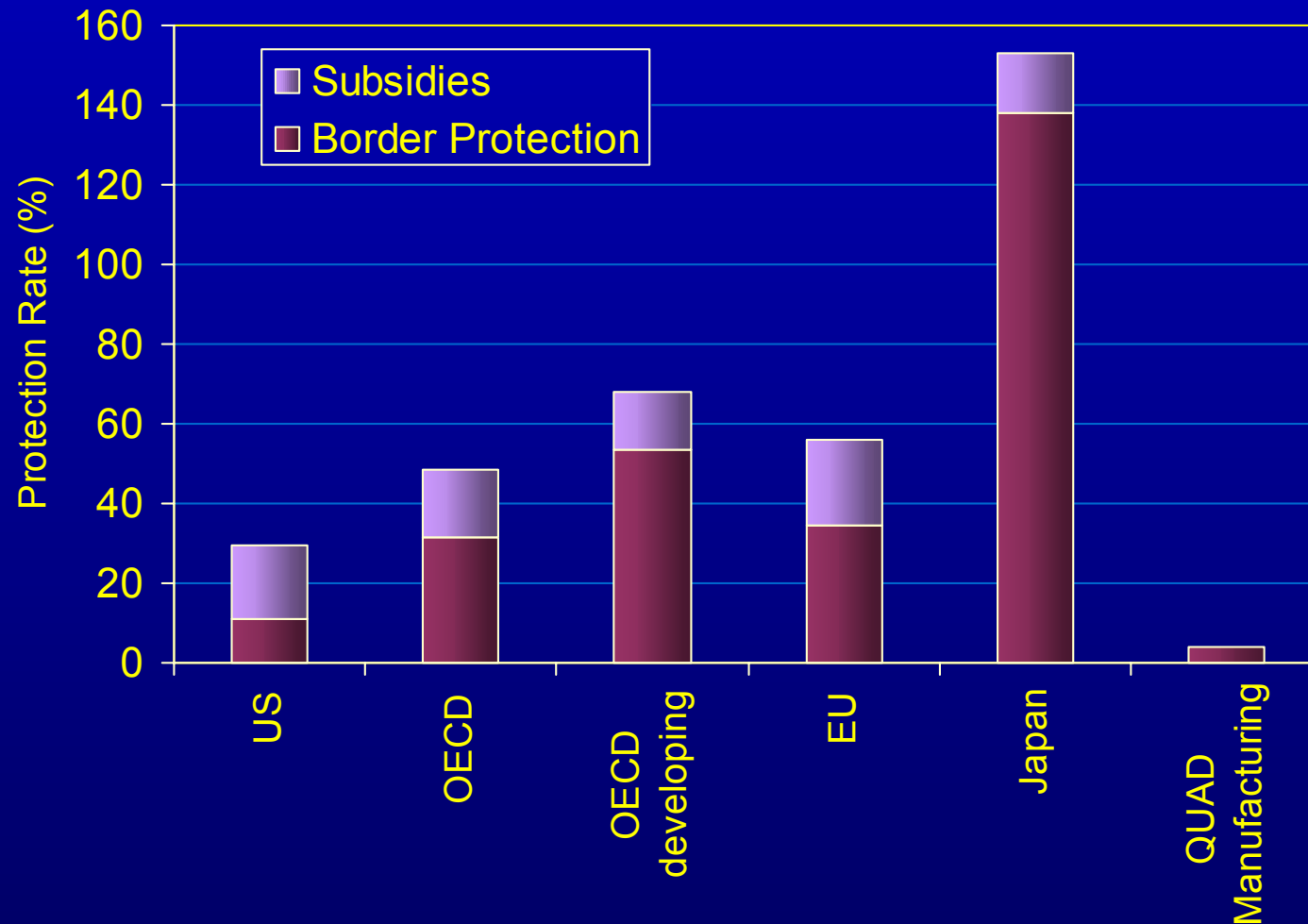
Developing countries: average tariffs for agriculture



Source: TRAINS



Agricultural protection is still high and concentrated at the border



Source: OECD

Tariff peaks in agriculture are pronounced...

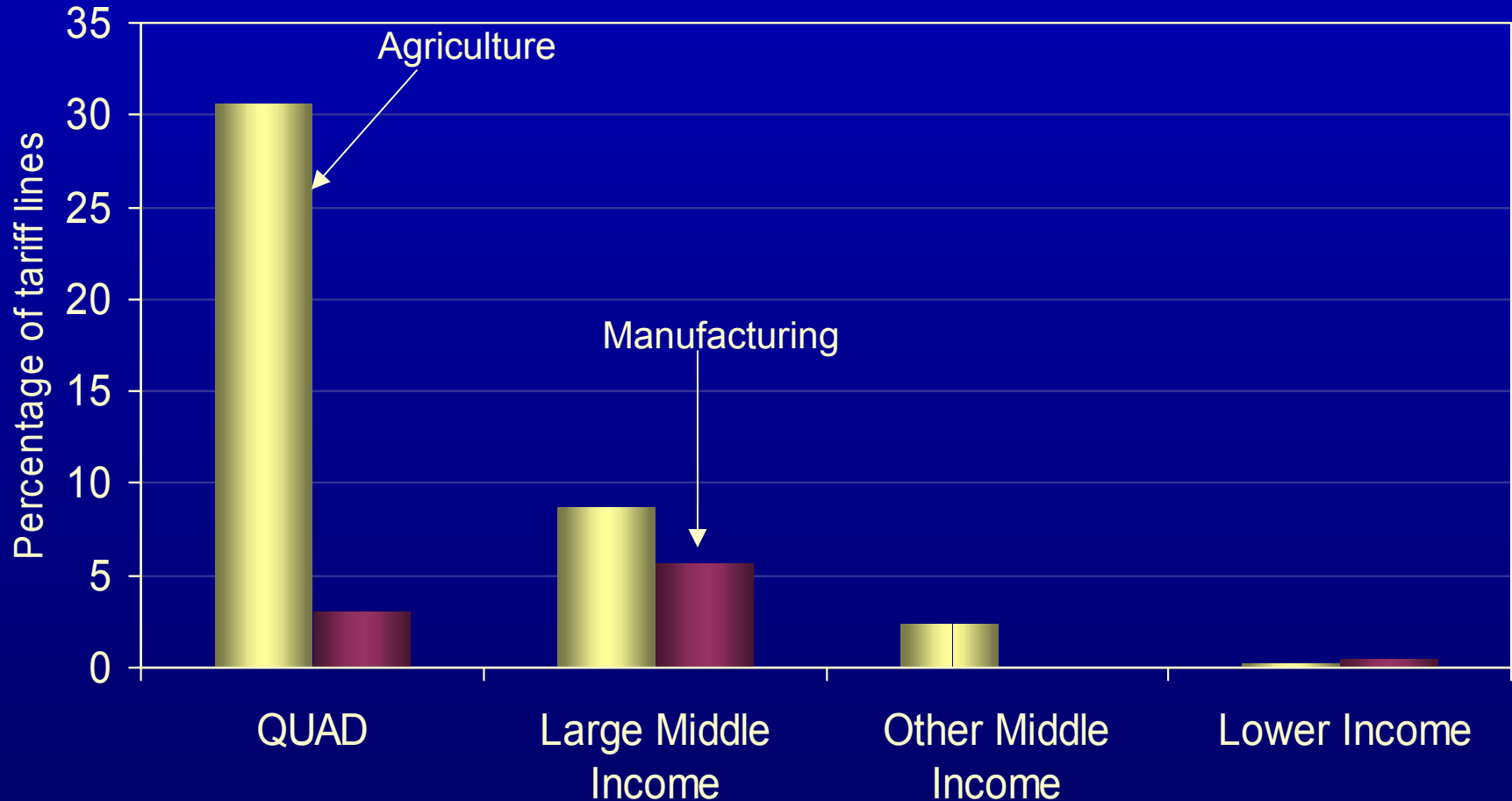
Tariff peaks and variance in selected countries (percent)

	Average Tariff	Maximum Tariff	St. Deviation	Percentage of lines covered
Canada	3.8	238.0	12.9	76.0
Japan	10.3	50.0	10.0	85.5
US	9.5	350.0	26.2	99.3
EU	19.0	506.3	27.3	85.9
Korea	42.2	917.0	119.2	98.0
Brazil	12.4	55.0	5.9	100.0
Costa Rica	13.2	154.0	17.4	100.0
Morocco	63.9	376.5	68.2	100.0
Indonesia	8.5	170.0	24.1	100.0
Malawi	15.3	25.0	9.1	100.0
Togo	14.7	20.0	6.5	99.9
Uganda	12.9	15.0	3.7	100.0

Source: WTO IDB (MFN Applied Duties)

...while specific duties are especially common in the Quad...

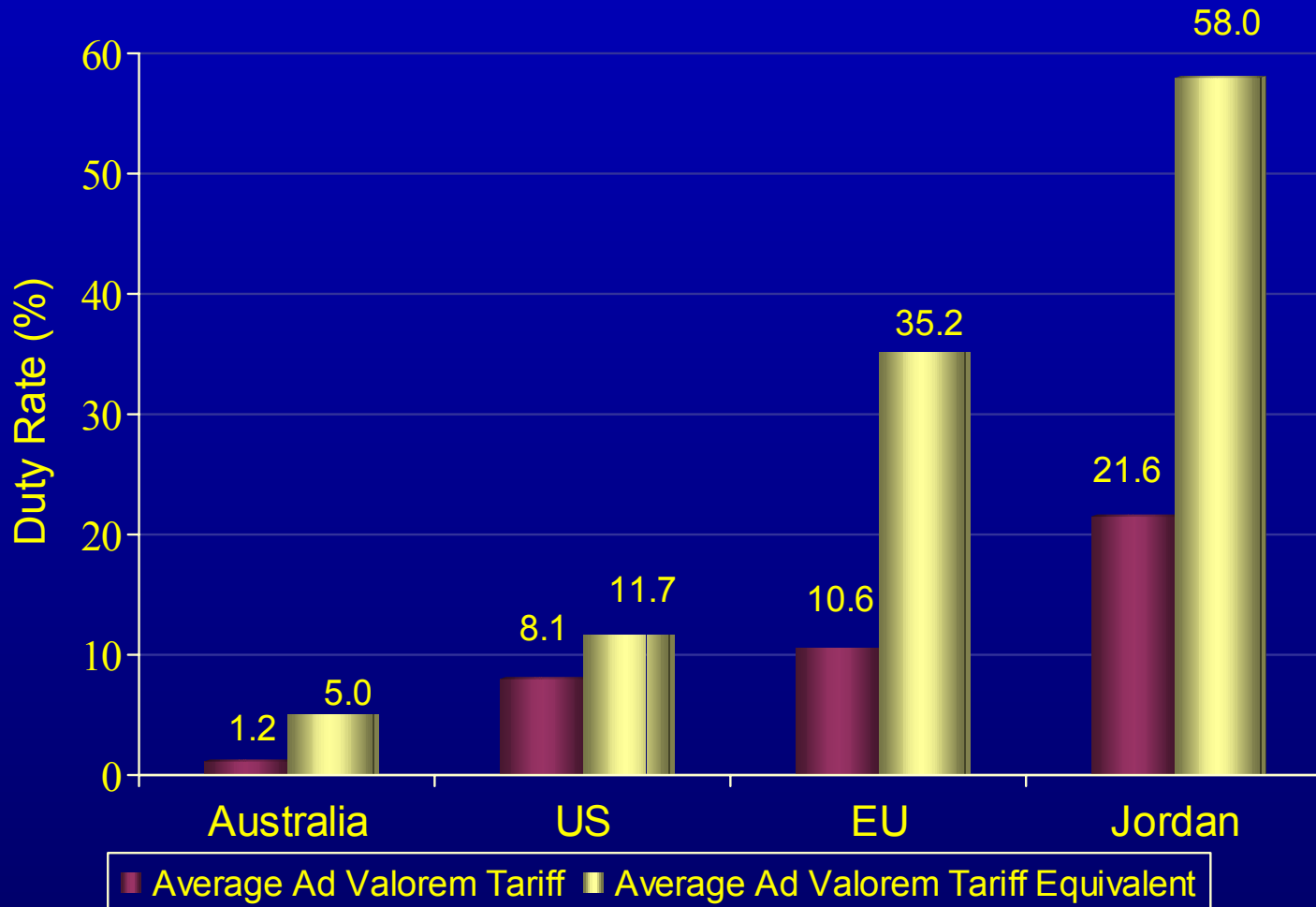
Percentage of Tariff Lines Non Ad-Valorem



Source: WTO IDB (MFN Applied Duties)

...and mask high protection

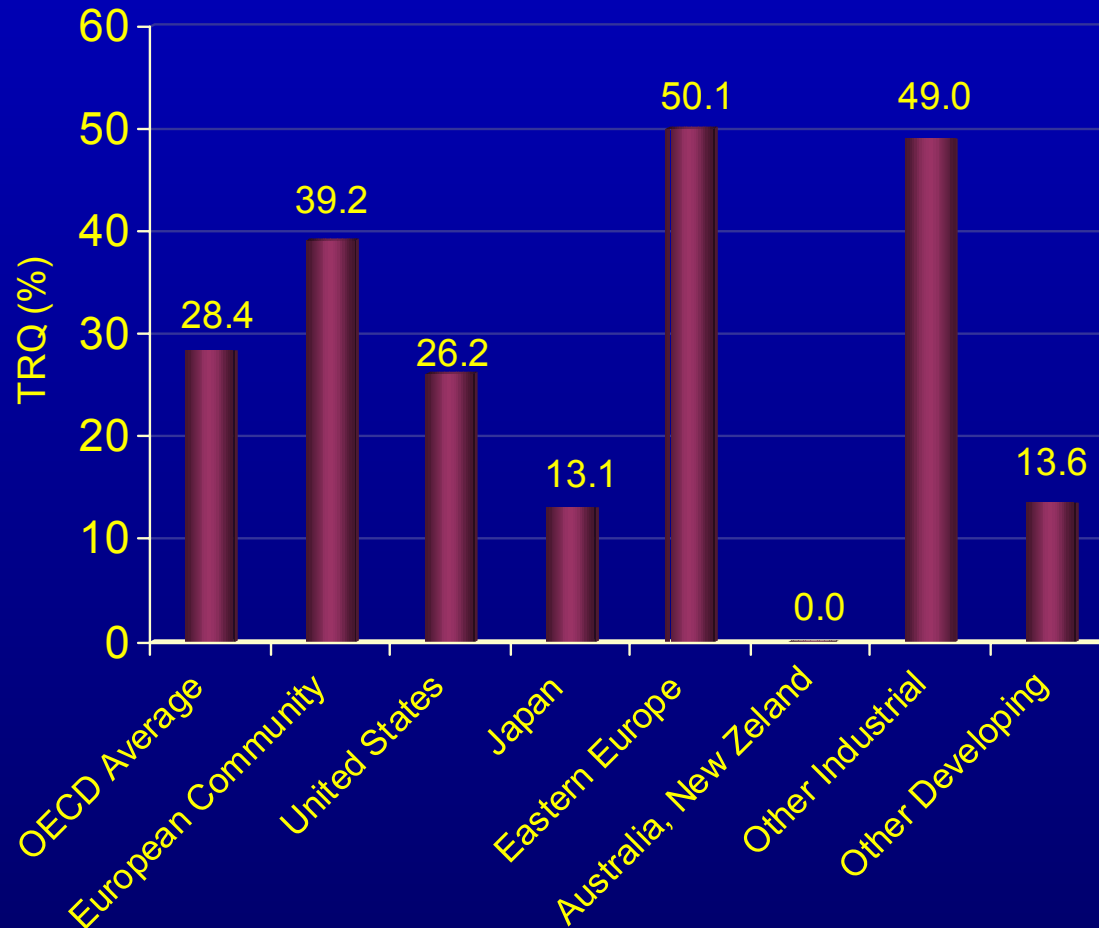
Average Ad Valorem Duties vs. Ad Valorem Equivalents in Agriculture



Source: WTO IDB (MFN Applied Duties)

Quotas continue to cover many products

Share Of Agricultural Output Under Tariff Rate Quotas (percent)



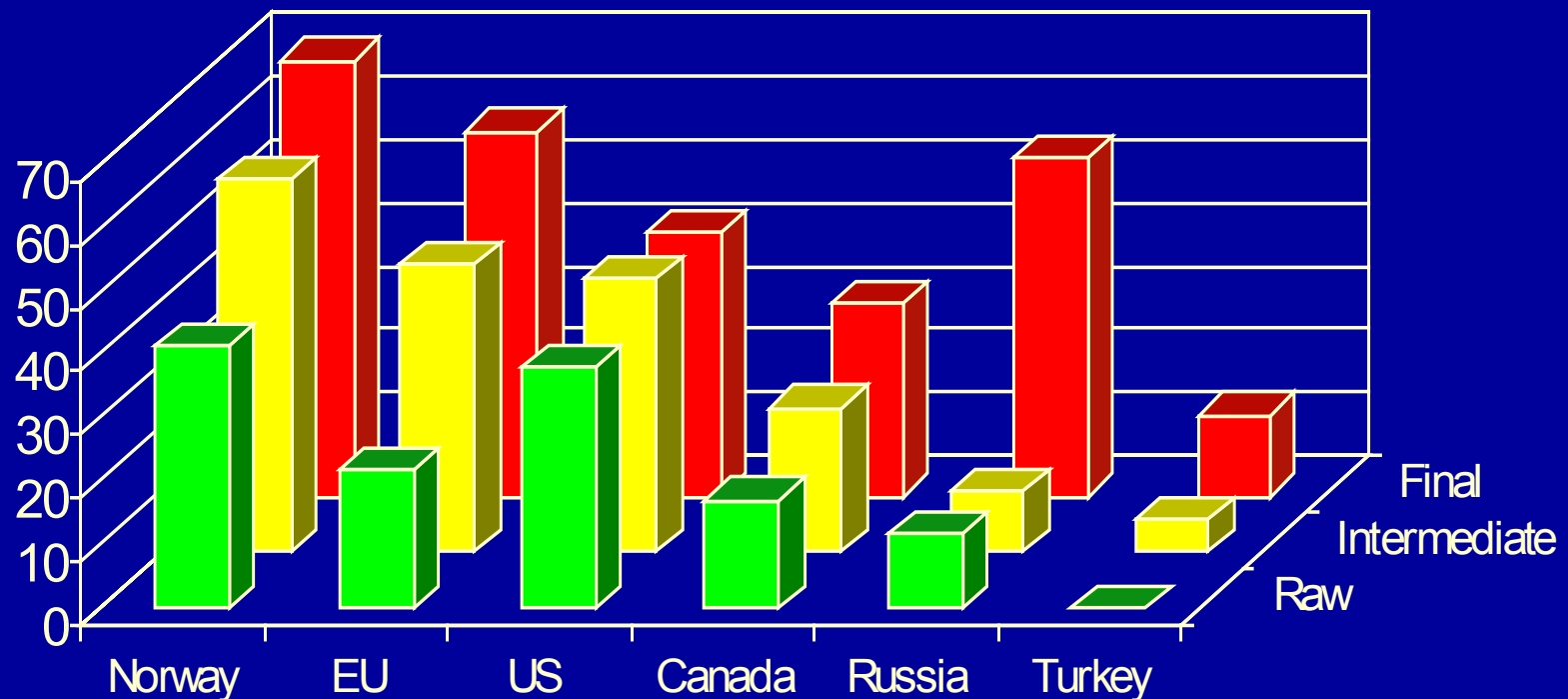
“Eastern Europe” = Czech, Hungary, Poland and Slovakia;

“Other Industrial” = Norway, Switzerland and Iceland; “Other developing” = Korea, Turkey and Mexico

Source: OECD, Agriculture Market Access Database (AMAD)

Putting it together, development impediments take various forms: specific duties, mixed duties, and escalation

Tariff lines containing specific, compound or mixed duties, by stage of processing (percentage of all lines)



Source: WTO IDB (MFN Applied Duties)



Pro-poor policies: The way forward

- Increase transparency by phasing out specific & mixed duties, and seasonal tariffs
- More drastic cuts of tariffs, tariff peaks and border protection
- Reduce and decouple subsidies, and end export subsidies in agriculture.
- Stakes are enormous – 2/3 of \$350 billion gains to developing countries occur from agriculture



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